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LAWMAKERS TO NEGOTIATE DIFFERENCES ON TIF DISTRICT EXPANSION

MAY. 8, 2017, 4:23 PM BY JIM THERRIEN 3 COMMENTS



Bennington is one of several towns hoping to establish tax increment financing districts. In Bennington, it would support a redevelopment proposal for the former Putnam Hotel building complex. File photo by Jim Therrien/VTDigger

BENNINGTON — As the Legislature works toward adjournment, it appears likely that more towns will get a chance to form special tax districts meant to encourage private development.

Opponents of allowing more tax increment financing, or TIF, districts say they draw public money away from other needs — specifically education.

Bennington, Rutland and several other communities have lobbied this session to lift a cap on new TIF districts that the Legislature imposed three years ago. With a district established, a community can bond for infrastructure improvements meant to encourage private development. The municipality then pays off the debt using a percentage of the additional property tax revenue from the development that otherwise would go to the state.

House Ways and Means Chairwoman Janet Ancel, D-Calais, said her prime concern is over “the impact on the education fund,” but she also sees the need to assist economically distressed areas of the state. A TIF district “seems useful and appropriate in some cases,” she said, “but I think we just can’t open the spigot” on new districts.

A number of other lawmakers in the House have expressed reservations.

Proponents argue that the revenue from new development or redevelopment would not be available in most cases without the incentive of municipal infrastructure improvements.

Legislation authorizing between two and a dozen new TIF districts emerged in different versions from the House and Senate. But lawmakers said the exact number and the language of the final legislation would have to be worked out in a conference committee.

The committee is expected to meet later this week.

If at least two new districts are approved — the number in the House version — Bennington “would be well positioned” to be one of those approved, said Rep. Bill Botzow, D-Pownal.

Bennington wants a district to benefit the proposed \$50 million Putnam Block development downtown.



Rep. Janet Ancel, D-Calais. File photo by Elizabeth Hewitt/VTDigger

Because of the Putnam Block proposal, local officials have been considering a TIF district for some time, Botzow said, and they could likely move quickly toward a district application. Botzow added that he and others have sought to ensure that “TIF proposals from particularly distressed areas are advantaged” in the review process. “And that is Bennington.”

District proposals must be approved by the Vermont Economic Progress Council, under the Agency of Commerce and Community Development, which oversees the TIF program and requires annual progress reports on district goals and finances.

Currently, there are 11 TIF districts in the state, including in the downtown areas of Burlington, St. Albans and Barre.

Earlier this year, Bennington agreed to share the cost of a lobbying firm to press for lifting the TIF cap with several other communities also seeking a district, including Rutland and Brattleboro.

Rep. Cynthia Browning, D-Arlington, is one of the lawmakers who don't approve of tax dollars that could go to the education fund being diverted toward economic development initiatives like a TIF, contending that the state should find other methods to fund those programs. That sentiment is strong on the House Ways and Means Committee, on which she serves, she said.

But Browning added that her “forecast” is that lawmakers will settle on a figure “somewhere between” the House and Senate versions.

Ancel and other lawmakers said it is imperative that the impact of TIFs on the education fund be studied before any major increase in the number of districts.

House Ways and Means approved a version of the legislation allowing two new TIF districts, a number also approved after a review by the House Committee on Commerce and Economic Development, which Botzow chairs.

In the Senate, Sen. [Dick Sears](#), D-Bennington, said Wednesday: “I am now pretty confident Bennington will have a chance to apply for a TIF.”

Sears said he has spoken with Ancel about TIFs, “and I think we will find a way on this. I think we will get some number. It may not be five or six.”

The fact that Sen. [Brian Champion](#), D-Bennington, was named to the House-Senate conference committee expected to negotiate a final version of the TIF legislation is “a good sign,” Sears added.

Champion said Thursday that all three Senate members of the conference committee “are heavy advocates on this.” The senators are “hoping to go in and really negotiate hard on TIFs,” he said.

Rep. Linda Joy Sullivan, D-Dorset, a member of the Committee on Commerce and Economic Development, said Thursday she is not satisfied with allowing only two new districts.

“I personally dislike only two TIFs as proposed,” she said, “but am hopeful that there will be a meeting of the minds somewhere in the middle, closer to about six or seven that make it through.”

Sullivan also termed some of the language in the version approved by Ways and Means “burdensome and counterproductive to true economic development.”

The Vermont Mayors Coalition was also critical. The group issued a statement Thursday opposing the Ways and Means version, stating in part: “This amendment as proposed would set development and infrastructure improvements in Vermont’s cities and towns back decades and derail — perhaps permanently — the development of thousands of housing units.”



Sen. Dick Sears. Photo by Michael Dougherty/VTDigger

Gov. Phil Scott last week reaffirmed his support for the TIF program.

In answer to a question during a Brattleboro Area Chamber of Commerce on Monday, he replied that he's "a believer in the TIFs."

The governor added, "I think that it's part of our economic toolbox, and it's something that we can capitalize on, as well. It's been effective in many different communities."

Bennington Selectboard Chairman Tom Jacobs said the outlook for the town is promising.

"I'm encouraged, although nothing is sure until it's final," Jacobs said. "I'm somewhat confident that, if there is a TIF (bill), we will be able to get one."

If Bennington is allowed to form a district, it most likely would center on the downtown area that includes the Putnam Block. The Bennington Redevelopment Group LLC, which is led by a group of community leaders from local institutions and other investors, has an option to purchase several downtown buildings and proposes a multifaceted project in the \$50 million range.

Public investment in street and/or parking improvements has been mentioned as possible work the town could finance as part of a public-private partnership and development within a designated TIF district.

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Mary Alice Bisbee • 20 hours ago

Perhaps they can settle on only one or two TIF districts; for Newport and Rutland as priorities? Compromise is always good!

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Michael Long • 2 days ago

TIF is a way for politicians and developers to benefit from money seemingly created out of thin air. But people are catching on.

Most of those tax increment dollars used to pay off TIF debt would have gone to the Education Fund otherwise. Since Vermont has a statewide property tax to support schools, that means that every school district in the state subsidizes the TIF development in towns with TIF districts. And the statewide property tax rate would be lower if those TIF dollars weren't diverted for decades.

If the development environment is really so shaky that public money is a necessity to spur development, then appropriate the dollars openly and honestly rather than raiding school or clean water funds.

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Edward Letourneau • 2 days ago

This 50 million Bennington project is pie in the sky. The population roughly consists of 20% on welfare, 20% retired, and 20% children on an allowance. They rest are living week to week. There is no return on the investment that makes investor sense.

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